

Calculation of the Need and the Cost of Supportive Housing Units

Defining the Population: The first and most important group to address when seeking to end homelessness is the group that lives in the shelter system --- the chronically homeless. They represent 10% of the single homeless population, which itself represents 50% of the homeless people over time. National Alliance to End Homelessness

Chronically Homeless in Georgia: Every county of the State of Georgia was included in a 2000 HUD Homeless Continuum of Care Plan. Each Continuum of Care Plan included a Homeless Gaps Analysis Chart, which reported estimated needs, present supply and unmet gaps. This is the first time that estimates of homeless were submitted for all of the state and accepted by units of government, as opposed to advocate estimates or projections. Following are the Estimate of Homeless Need for the State, by Continuum of Care Plan Jurisdiction. ***Based on the formula by the National Alliance to End Homelessness and these estimates of need, the State of Georgia chronically homeless population is estimated to be 1,623 individuals.*** Almost 30,000 individuals were estimated to be homeless in the State for the same period.

Estimated Need for Shelter for Homeless Individuals (Total = 16,234)

Athens	Atlanta	Augusta	Cobb	Columbus	Gwinnett	Macon	Savannah	Other
123	8,250	876	604	1,700	530	340	425	3,811

Estimated Need for Shelter for Homeless Persons in Families & Children (Total = 12,711)

Athens	Atlanta	Augusta	Cobb	Columbus	Gwinnett	Macon	Savannah	Other
132	2,750	750	604	1,200	1,615	290	671	4,663

Cost of Providing Permanent Supportive Housing: The cost of developing and operating permanent supportive housing is based on three cost categories: development costs, annual operating costs for the housing, and supportive service costs for the residents. Following is a chart providing estimates or averages for these three categories from different sources.

Source of Estimate	Development Cost per Unit	Annual Operating Cost per Unit	Annual Service Cost per Unit
National Alliance to End Homelessness	\$50,000 to \$100,000	\$8,500	\$3,000 to \$8,000
NY/NY Study by Corp. Supportive Housing			\$6,500 to \$9,000
DCA 1997 Multifamily Housing Developments	\$65,000	\$2,500* no debt service	

Source of Estimate	Development Cost per Unit	Annual Operating Cost per Unit	Annual Service Cost per Unit
Rosalyn Center 200 Units / DeKalb	\$51,500	\$4,343	
Hope House 70 Units / Proposed	\$37,700	\$10,000	\$7,150
Millennium Center 20 Family Units	\$110,000	\$5,500	\$20,000
Proposed Planning Model for Georgia	\$65,000	\$5,000	\$7,000

Annualized Cost Projections: The projected cost for 160 units of permanent supportive housing is significant: \$10,400,000 for development, \$800,000 (annually) for operating costs and \$1,120,000 (annually) for the supportive services. A significant portion of these funds could be secured through non-state resources. A typical permanent supportive housing development could be financed through a combination of public and private financing. A reasonable model for a permanent supportive housing development would estimate 40% in public, low-or-no interest debt, 30% in market rate private financing, and 30% in equity through the syndication of federal and state low income housing tax credits. The state funded portion of the development costs requirement for 160 units would be 40%, or \$4,160,000.

The operating costs of \$6,000 per unit could be covered through a combination of federal housing subsidies including Section 8 Vouchers or the Shelter Plus Care Grants. Both federal subsidies pay a fair market rent, less the 30% of income contribution required of the resident. One bedroom fair market rents for Atlanta is \$500 - \$700 per month and \$350 - \$500 per month in the other urban market areas. \$500 a month in rents generates operating revenue of \$6,000 per year. No additional state dollars would be required if Section 8 or Shelter Plus Care subsidies are secured through HUD or the local public housing authority.